

1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE DISTRICT OF OREGON

3 CALISTA ENTERPRISES LTD.,)

4 Plaintiff,)

5 vs.)

6 TENZA TRADING LTD.,)

7 Defendant.)

3:13-cv-01045-SI

November 19, 2013

Portland, Oregon

8
9
10
11
12 TRANSCRIPT OF PROCEEDINGS

13 BEFORE THE HONORABLE MICHAEL H. SIMON

14 UNITED STATES DISTRICT COURT JUDGE
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

FOR THE PLAINTIFF: Valentin David Gurvits
Matthew Shayefar (via phone)
Boston Law Group, PC
825 Beacon Street, Suite 20
Newton Centre, MA 02459

Sean Ploen (via phone)
Ploen Law Firm, PC
100 South Fifth Street, Suite 1900
Minneapolis, MN 35402

Thomas Freedman, Jr.
Pearl Law LLC
522 SW Fifth Avenue, Suite 1100
Portland, OR 97204

FOR THE DEFENDANT: Paul Nathan Tauger
Anna M. Vradenburgh (via phone)
The Eclipse Group LLP
2020 Main Street, Suite 600
Irvine, CA 92614

Devon Zastrow Newman
Schwabe Williamson & Wyatt, PC
1211 SW Fifth Avenue, Suite 1600
Portland, Oregon 97204

COURT REPORTER: Dennis W. Apodaca, RDR, RMR, FCRR, CRR
United States District Courthouse
1000 SW Third Avenue, Room 301
Portland, OR 97204
(503) 326-8182

1 (November 19, 2013)

2 P R O C E E D I N G S

3 (Open court:)

4 THE COURT: Good afternoon.

5 COUNSEL: Good afternoon.

6 THE CLERK: Your Honor, this is the time set for
7 oral argument in civil case No. 13-1045-SI, Calista
8 Enterprises Ltd, versus Tenza Ltd. For the record, we
9 have by phone Anna Vandenberg (sic), Sean Ploen and
10 Matthew Shayefar.

11 Counsel in court, please identify yourselves for
12 the record.

13 MR. GURVITS: Good afternoon, Your Honor. Val
14 Gurvits for Calista. With me, I have Thomas Freedman.

15 THE COURT: Very well.

16 MR. TAUGER: Good afternoon, Your Honor. Paul
17 Tauger for Tenza. With me is our local counsel, Devon
18 Newman. I would like to clarify that it is Anna
19 Vradenburgh with us on the phone.

20 THE COURT: Thank you.

21 All right. We are here on Plaintiff Calista's
22 motion to stay this litigation while the petition for
23 cancellation that is under consideration at the Trademark
24 Trial and Appeal Board proceedings.

25 I have read the materials that you all have

1 provided to us, including the supplemental exhibit in
2 support of defendant's opposition that was filed
3 yesterday, November 18th, Docket 35.

4 I do have some questions for both sides, but
5 Calista is the movant. If there is anything you wish to
6 add at this time to what has already been briefed, and you
7 don't need to repeat the briefing, but you are welcome to
8 do so.

9 MR. GURVITS: Thank you, Your Honor. Just a
10 30-second synopsis of what happened and why we are all
11 here. My client, Calista, owns 13 domains. For several
12 years they were working together with Tenza in sending
13 traffic from those domains to Tenza's website. At one
14 point Tenza apparently decided that they didn't want to
15 share that revenue and filed the UDRP proceeding. What we
16 did in response is we filed a proceeding for cancellation
17 with the TTAB and then asked for the UDRP proceeding to be
18 stayed until the TTAB resolves the issue whether the
19 "PORNTUBE" trademark is valid or not. Our position is
20 that, at best genericide happened to it. It is simply a
21 combination of two generic claims. Our position is that
22 if that trademark is not a valid trademark, the rest of
23 the case goes away.

24 THE COURT: Even the common law trademark? If
25 the TTAB rules that it is generic, that would also then

1 automatically dispose of the common law trademark claim?

2 MR. GURVITS: We believe it would. We might
3 need to file a motion for summary judgment on it, but,
4 yes, we believe it would be dispositive.

5 We ended up losing the UDRP proceeding. The one
6 voting in our favor -- arbitrator -- felt the UDRP
7 proceedings should go forward and then they could figure
8 things out. The only way for us then, under the UDRP
9 rules, to prevent the domains from being automatically
10 transferred to Tenza is to file the present action for
11 declaratory judgment, and we did that.

12 We did that in accordance with UDRP rules, but
13 then we ended up being in a situation where there are two
14 essentially competing procedures going on; one with TTAB
15 and one here. We didn't know which one would go forward.
16 Our feeling is that the TTAB proceeding is certainly less
17 expensive, more efficient, for most judicial efficiency
18 and economy. So we wanted to see, and we continue to want
19 to see the TTAB proceeding going forward.

20 There is also some case law that we cited
21 supporting the proposition that the issue of validity of
22 the trademark should be decided by the administrative body
23 that issues those trademarks.

24 Indeed, we filed the other day a motion to
25 extend discovery in the TTAB proceeding, and we did that

1 because that was last day on which discovery could be
2 served. We don't know which process is going forward, so
3 we have not filed discovery in either case. But again, we
4 feel that this type of dispute lives or dies based on
5 whether the "PORNTUBE" mark is truly valid.

6 THE COURT: Can you tell me with specificity
7 what discovery has already taken place in the TTAB action?

8 MR. GURVITS: None whatsoever. We have had some
9 preliminary disclosures and nothing else. Curiously
10 enough, I should mention that neither side took any
11 discovery in the TTAB proceedings. But if this case is
12 not going forward, then, of course, we needed to make sure
13 that we had the opportunity for discovery, which is why we
14 filed the motion to extend discovery.

15 THE COURT: Am I correct that in the TTAB
16 procedures, absent an agreement by both sides, that a
17 deposition of an out-of-country company or witness is not
18 necessarily going to be taken by oral deposition in person
19 of that witness?

20 MR. GURVITS: That is my understanding. I am
21 going to ask Sean Ploen to respond to the Court. Sean, do
22 you have a better feeling than I do on this?

23 MR. PLOEN: Of course. Your Honor, this is Sean
24 Ploen on behalf of Calista. As Attorney Gurvits stated,
25 or indicated, we have about one month to go in the

1 currently scheduled discovery period at the TTAB. Both
2 sides, as Val said, have served their initial disclosures,
3 which is a condition precedent to service of discovery
4 requests themselves at the TTAB.

5 To answer your specific question about the
6 manner in which depositions are conducted, it is the case,
7 unless both sides consent to the taking of oral
8 depositions of parties who are located in foreign
9 countries, or unless the Board orders it sua sponte, then
10 depositions in a TTAB proceeding like this one would be
11 taken on written questions as opposed to conducting oral
12 testimony.

13 THE COURT: Thank you. Am I correct in my
14 understanding that Tenza wants to take the oral deposition
15 of a corporate representative for Calista, not just simply
16 a deposition on written questions, and that Calista's
17 position is to oppose that and insist on a deposition only
18 on written questions? Am I correct in that understanding?

19 MR. GURVITS: No, Your Honor, we do not oppose
20 in-person depositions. In fact, we have one scheduled --
21 in the present case we have one scheduled for
22 January 16th. But we would not oppose an in-person
23 deposition.

24 THE COURT: So whose deposition is scheduled for
25 January 16th, 2014?

1 MR. GURVITS: It is a 30(b)(6) for Calista.

2 MR. PLOEN: Your Honor, just to be clear, what
3 is being spoken of right now is the 30(b)(6) deposition in
4 the civil litigation. At the TTAB, we have not yet
5 received a formal request from Tenza as to depositions,
6 and we have had an indication of intent from Tenza as to
7 its intention to take oral depositions. But as noted,
8 that is going to require either consent or a go-ahead from
9 the Board itself.

10 As Attorney Gurvits said, once we receive that
11 particular request, we are happy to act on it, but we have
12 not taken a formal position in the absence of any kind of
13 formal request from Tenza.

14 THE COURT: I'm confused about what
15 Attorney Gurvits just said, because according to Exhibit D
16 to the declaration of Mr. Tauger, at Docket 30 in this
17 case, page 35 of 56, I see an e-mail from you, Mr. Ploen,
18 to Mr. Tauger dated October 17th, 2013, 8:16 p.m., in
19 which it appears that you are saying or that on behalf of
20 Calista you are taking the position that Tenza will have
21 to move the Board -- move the TTAB -- and show good cause
22 for his preference to take an oral deposition as opposed
23 to a deposition on written questions.

24 Have I misunderstood my reading of that e-mail?

25 MR. GURVITS: No, Your Honor, you have not. We

1 have changed our position since then, since they have
2 served us with the deposition or since they have asked to
3 depose him in this case. We have said, fine, if you want
4 to depose him in person, that's fine. Our internal
5 position was that, having agreed to it in this case, we
6 will agree to it in the TTAB case as well.

7 THE COURT: What will happen if I stay this
8 case?

9 MR. GURVITS: I'm on record as promising that we
10 will not oppose an in-person deposition in the TTAB
11 proceeding.

12 THE COURT: All right. Anything further,
13 Mr. Gurvits or Mr. Ploen? I have one more question for
14 you. Could you take me through what will be the prejudice
15 to Calista if I deny the motion to stay?

16 MR. GURVITS: We will then be involved in
17 extensive discovery having to do with the counterclaims
18 with the damages, and it is quite a large amount of
19 discovery on issues that, again, I believe would be
20 disposed of if this trademark is canceled.

21 THE COURT: If the trademark is canceled by the
22 TTAB, does Tenza have the legal right to seek de novo
23 review of that decision before this Court?

24 MR. GURVITS: I do not know the answer to that
25 question.

1 Sean, do you know the answer to that question?

2 MR. PLOEN: I think it depends in part upon what
3 happens with this particular proceeding in the meantime.
4 Ordinarily the right of review de novo would go to the
5 federal circuit.

6 THE COURT: I thought it would go to the federal
7 circuit only if all affected parties wanted it to go to
8 the federal circuit. But if either the petitioner or any
9 other affected party who is a party to the TTAB wants it
10 to go to a district court, it goes to the district court.

11 Am I mistaken?

12 MR. PLOEN: No, I don't believe you are
13 mistaken, Your Honor, but I also think it depends in part
14 upon the status of the corresponding civil litigation. In
15 other words, I think there are situations in which the
16 corresponding civil litigation has been stayed, and the
17 parties agree that any appeal of the TTAB decision should
18 go to the federal circuit.

19 THE COURT: I don't disagree with you there,
20 where you said the parties disagree.

21 So let me ask you this hypothetical: Let us
22 assume that I stay this action and the TTAB rules in favor
23 of Calista on the trademark cancellation issue; Tenza does
24 not agree -- I'm asking you to assume this for
25 hypothetical purposes -- that that appeal should go to the

1 federal circuit, but, instead, would prefer to have me
2 lift the stay and resolve all of the issues in this
3 lawsuit -- all of the issues in this lawsuit that are
4 pending, including reviewing de novo the TTAB decision.

5 Would Tenza have such a right?

6 MR. PLOEN: Are you addressing that question to
7 counsel for Calista?

8 THE COURT: Yes. Either you, Mr. Ploen, or
9 Mr. Gurvits. From the facial expression of Mr. Gurvits, I
10 think he is expecting you would answer that.

11 MR. GURVITS: Or at least hoping.

12 THE COURT: Hoping.

13 MR. PLOEN: Yes, I believe Tenza would have that
14 right. In other words, I think there is nothing Calista
15 could do to prevent the question from being reviewed by
16 your court, Your Honor.

17 THE COURT: Okay. Now, the last question for
18 Calista, and then we will hear from Tenza. Tenza argues,
19 in opposition to the motion to stay, that if it is right
20 on the trademark cancellation issue, and/or even if it is
21 wrong, it has the right to proceed on other claims, it
22 would suffer irreparable injury if this case were to be
23 stayed by virtue of the delay that would be caused in
24 having the TTAB decision proceed and then basically
25 starting fresh, anew and de novo in this court and that

1 delay then would have continued infringing use, so argues
2 Tenza, continuing for a longer period of time.

3 What's Calista's response to that argument?

4 MR. GURVITS: It is clearly not irreparable
5 harm. I would acknowledge it is harm to the extent that
6 their trademark is valid and that our laches defense
7 doesn't work, then there is harm quantifiable in money
8 damages. Take into consideration the fact that for two
9 years they were working with us, receiving our traffic.
10 Clearly they don't even view that harm on the
11 business-side to be irreparable. To the extent there is
12 harm, it is easily quantifiable in monetary damages.

13 THE COURT: Go ahead, Mr. Ploen.

14 MR. PLOEN: If I could just supplement that
15 answer. As well, Your Honor, I would point out that a
16 request for de novo review is different than the granting
17 of a de novo review. I can't say it is common, because I
18 don't think this particular fact pattern arises quite
19 commonly, but I think, certainly in keeping with precedent
20 for a judge finding himself in the position you would be
21 in at that point, to say: You know what, we have had
22 three judges at the TTAB look at this particular question
23 in detail for some time. I am going to exercise
24 considerable deference with regard to the determination
25 that has been made, after presentation of evidence, as to

1 whether this particular phrase "retained income source
2 identifying capacity" or "source identifying
3 significance."

4 So in other words, it may be the case that
5 deference will be given to the Board's decision to
6 designate source, but instead we are proceeding then in
7 terms of questions about damages or any related claims.

8 THE COURT: I understand. Frankly, my
9 hypothetical assumes that Tenza ultimately prevails,
10 because obviously if Tenza is wrong on the merits, it has
11 not suffered any legally cognizable damages.

12 MR. PLOEN: Right.

13 THE COURT: But following up on the point that
14 Mr. Gurvits just said, you say easily quantifiable, how do
15 I quantify that? Let's assume we get to that stage, and I
16 find that -- or the TTAB finds that the trademark should
17 not be canceled; that there was infringement. How easy is
18 it for me to quantify the damages?

19 MR. GURVITS: There is an amount of money that
20 is being made from this traffic. The defendants know what
21 that amount is for two years. They have been looking at
22 the traffic, and they were paying to Calista some money
23 for the traffic. The traffic is easy to track. You know
24 exactly how many people clicked on this button; you know
25 exactly how many people came. So it is possible to see

1 what kind of revenue Calista received from this traffic.

2 I should also point the Court at Section 3 of
3 our reply to defendant's opposition where we point out the
4 presumption of irreparable harm does not apply here.
5 Tenza has not put forth any evidence of irreparable harm.
6 Without getting into the specifics, there is a very
7 focused argument as to why there is no presumption in this
8 case of irreparable harm. I mean, we're speaking
9 hypothetically right now.

10 THE COURT: Sure. I understand. If the damages
11 are as easy to measure and as quantifiable without
12 controversy, as you state, why do you think Tenza is
13 asking for an accounting remedy?

14 MR. GURVITS: Tenza, insofar as I can tell, has
15 thrown the kitchen sink at us. I think Tenza at some
16 point decided it is better to take the domains away than
17 to pay for them, and that's why we are here. I don't have
18 a better answer.

19 THE COURT: All right. Very good. Thank you
20 very much, Mr. Gurvits.

21 Who is speaking for Tenza?

22 MR. TAUGER: Thank you, Your Honor. Where to
23 begin. We have briefed extensively the law that applies.
24 Unlike Calista, we have included in our brief case
25 citations, including quotes. I am going to briefly cover

1 what the law is, because it has been completely
2 misrepresented here. Calista argues first that the TTAB
3 proceeding --

4 THE COURT: One second. The folks on the
5 telephone, can you hear sufficiently Mr. Tauger? If not,
6 I will invite Mr. Tauger to speak closer to the microphone
7 or be seated. Can the folks on the telephone hear
8 Mr. Tauger?

9 MR. PLOEN: Thank you for asking. Yes, I can.

10 MS. VRANDENBERG: Yes, I can hear.

11 MR. TAUGER: I forgot I had that national
12 audience. I will speak louder.

13 Calista is arguing that the TTAB proceeding is
14 somehow dispositive, and that is flat out not the law. I
15 am just going to mention one cite that we cited in our
16 opposition pleading. It is the Estate of Coll-Monge,
17 524 F.3d 1341 at 1347. I quote, "The registration does
18 not create the trademark." Trademark rights are not the
19 result of a registration. They result from use in
20 commerce of a mark and a consumer association therewith.
21 It is completely wrong and unsupported by any case law to
22 say that cancellation of a registration somehow robs Tenza
23 of trademark rights that have accrued in its mark.

24 No. 2, Calista is arguing that this Court is
25 somehow not competent to make the determinations as to

1 whether a trademark has been invalidated because it has
2 become generic. Again, that is not the law. We have
3 cited the law in our opposition brief that says that this
4 Court is absolutely qualified by Congress to make that
5 determination. So that's also not true.

6 Calista has argued that it is more efficient to
7 litigate this trademark before the TTAB. Tenza has
8 already conducted extensive discovery. We have served
9 interrogatories. We have served an answer and production
10 of documents and other tangible things, and we have served
11 requests for admission. Calista has responded. We have
12 done all of this. We have noticed the deposition of
13 Calista in Prague for January.

14 I have to address this sudden change of heart
15 that has just been announced to the Court that now they
16 will not oppose our taking the deposition of Calista in
17 person. These kinds of flip-flops, I believe, just go to
18 illustrate that the intent of Calista in this matter is
19 simply to delay this adjudication as long as they possibly
20 can.

21 Calista is an adjudicated infringer. The UDRP
22 panel, which is the entity vested with both the power and
23 authority to make that determination, found that they
24 infringed our rights. They don't like that decision.
25 They admit that they filed this proceeding solely so that

1 they could block the transfer, and this is relevant to
2 their contention that there is no irreparable injury.

3 First, as a matter of law, they are wrong.
4 Trademark infringement presumes irreparable harm. That's
5 black letter law. That's in the case law we cited.

6 Their objection is, well, that case law comes
7 from a preliminary injunction. Well, of course, it does.
8 That's when the issue gets raised. But that is exactly
9 what they achieved by filing the instant action. They
10 were able to block the ordered transferred domain names to
11 Tenza without showing a probability of success on the
12 merits, without posting a bond. They have stonewalled us
13 completely, and we're incurring irreparable harm as a
14 result. It is a de facto preliminary injunction that they
15 achieved.

16 Finally, the question that I would ask, why did
17 they do nothing on the TTAB proceeding? It was filed back
18 in April. They admit it was filed in an effort,
19 unsuccessfully, to state a UDRP proceeding. Then they did
20 absolutely nothing on it. It is now seven months later,
21 and they are first telling the TTAB that they need an
22 extension of discovery. They argue, I think
23 disingenuously, that they need time to complete discovery.
24 They haven't even commenced discovery.

25 I would also point out that the burden of proof

1 is on them in the TTAB proceeding. We have discovery
2 responses that constitute admissions, and we can use them
3 if we have to with the TTAB. They have nothing and cannot
4 meet their burden of proof.

5 One other thing I have to mention about
6 irreparable injury. Counsel Gurvits stated that we have
7 not introduced any evidence of irreparable harm. It is a
8 presumption. The presumption shifts the burden. They
9 haven't introduced any evidence that we're not irreparably
10 harmed. They are trying to turn the law on its head, and
11 I would submit that they are not doing it successfully.

12 THE COURT: What's your best estimate of how
13 long it would take before we get a resolution from the
14 TTAB?

15 MR. TAUGER: Well, I would prefer to defer this
16 to Counsel Anna Vradenburgh. She is the TTAB expert. I
17 am the litigator.

18 THE COURT: Ms. Vradenburgh.

19 MS. VRADENBURGH: Your Honor, I think we have
20 (indiscernible; audio very loud.) We currently have a
21 motion before the Board to extend discovery until April,
22 and it is supposed to end in December. So once discovery
23 ends, then we will have a testimony period for both
24 parties. If that doesn't get extended, then I'm guessing
25 we will be looking possibly for a decision sometime in

1 2015, depending on how fast the Board actually reviews the
2 case and issues an order. If there are other delays, then
3 this could go on even longer than that.

4 THE COURT: You said 2015. Did I hear that
5 correctly?

6 MS. VRADENBURGH: Sean, if you disagree with me,
7 go ahead and speak.

8 THE COURT: That's sort of my role, but I was
9 going to invite Mr. Ploen to do that.

10 MS. VRADENBURGH: I'm sorry. I apologize.

11 THE COURT: That is where I was going to go
12 next. Mr. Ploen or Mr. Gurvits.

13 MR. PLOEN: Sorry for interrupting. I would say
14 that, of course, TTAB proceedings can or may last years,
15 as my sister counsel points out, so can district court
16 proceedings. I think that the estimates given to you are
17 on the far side in terms of duration.

18 THE COURT: So what's your estimation,
19 Mr. Ploen?

20 MR. PLOEN: I would say by fall of 2014.

21 THE COURT: All right. Let me ask both sides
22 now, and we will start with defendants --

23 MS. VRADENBURGH: Your Honor, I don't know if I
24 would agree with that, simply because once discovery ends,
25 then there is a 30-day period and then the testimony

1 period will begin for the other side. Then there is
2 another 30-day period, and then the testimony period
3 begins for the respondent. Then after that, there will be
4 briefing due. The briefings are usually 60 days after the
5 testimony period has ended, assuming there are no motions
6 filed. So that's April -- we're already into well beyond
7 the fall of next year before the Board would even get
8 briefs.

9 THE COURT: Thank you, Ms. Vradenburgh. One
10 second, Mr. Ploen. I guarantee everyone here, if anyone
11 has anything they want to say, they will be entitled to
12 say it before we close this proceeding.

13 First of all, let me say to Ms. Vradenburgh,
14 even though I recognized your voice from the introduction,
15 will everyone on the telephone please state their name
16 before beginning speaking, because that will assist our
17 court reporter here.

18 Mr. Ploen, did you wish to say something?

19 MR. PLOEN: This is Sean Ploen. I simply am
20 noting that we currently have a schedule in place with the
21 Board which calls for those rebuttal periods to end as of
22 July 1st, 2014. At that point we would have the briefing
23 period, as Attorney Vradenburg notes.

24 So in other words, right now the Board is
25 scheduled to receive its briefs in the fall of 2014.

1 Decisions can come very quickly, or they can take some
2 time, depending on the complexity of the case and the
3 panel deciding it.

4 THE COURT: Mr. Ploen, the schedule you are
5 referring to, is that the schedule that right now is
6 currently subject to the motion to extend?

7 MR. PLOEN: That's right, yes.

8 THE COURT: That motion was filed by whom?

9 MR. PLOEN: The motion to extend discovery at
10 the TTAB was filed by Calista. There is also at the TTAB
11 pending a motion to suspend the TTAB proceeding that was
12 filed by Tenza.

13 THE COURT: I know that. That's not what I
14 asked.

15 All right. Let me ask, Mr. Tauger, if I were to
16 deny the motion to stay, tell me what remains to be done
17 before discovery can be concluded in this case from
18 Tenza's perspective, and then in a moment I will ask the
19 same question for Calista's counsel.

20 MR. TAUGER: We will complete the deposition of
21 Calista, and I will say that Calista was quite forthcoming
22 in their written responses to our written discovery. We
23 don't contemplate at this moment any motions to compel in
24 that regard. If their witnesses are forthcoming, then
25 that will probably complete most of the fact discovery

1 that we would need to do.

2 I assume that we are both going to identify
3 expert witnesses. It will be the standard expert witness
4 depositions. But as far as I'm concerned, we would be
5 ready for trial very shortly thereafter.

6 THE COURT: And that's the deposition scheduled
7 for January 16, 2014?

8 MR. TAUGER: That's correct.

9 THE COURT: Now, let me ask, whoever wishes to
10 speak for Calista, whether that be you, Mr. Gurvits, or
11 you, Mr. Ploen, assuming I were to deny the motion to
12 stay, tell me what the balance of the nonexpert discovery
13 needed by Calista would look like.

14 MR. GURVITS: We would need to serve our own
15 interrogatories and document production requests, and
16 there is a deposition we will need to take, I believe, in
17 Spain of the owner of Tenza. So other than that, it would
18 be surveys and all the other standard stuff.

19 THE COURT: Sure. So if you serve your
20 interrogatories next week and requests for productions, we
21 should see responses by middle of December. If anyone has
22 any discovery disputes, you would be welcome to call my
23 chambers, and I will get on the telephone with you all and
24 resolve them immediately. No need for briefing on that.
25 We may decide in the telephone call briefing may help, but

1 no need to file a written motion to compel. Send an
2 e-mail or telephone call to my courtroom deputy, and I
3 will get involved and talk our way through these discovery
4 disputes. Maybe we will need some briefing; maybe we
5 won't. We will talk our way through it. If there is not,
6 you should get your interrogatory answers in December and
7 your documents in December.

8 If you do that, would you be able to -- let me
9 turn this over to Tenza -- would Tenza be able to produce
10 the witness at some point in the later half or around
11 January 16th, or the latter half of January?

12 MR. TAUGER: Not only could we do that, but we
13 actually offered to do that, when we spoke to
14 Attorney Shayefar and asked him if he would like to take
15 our witnesses, but he declined.

16 THE COURT: Okay. Let me also ask both sides
17 the following procedural question, which I think I know
18 the answer, but let me see if anybody disagrees on this.
19 Assuming hypothetically that I deny the motion to stay, we
20 have two corporations that have consented to jurisdiction
21 of this Court: Calista Enterprises, because it filed the
22 lawsuit here, and Tenza Trading, because it filed a
23 counterclaim here. Not only does that mean that you
24 really don't have to, I think, use the Hague Convention
25 for discovery purposes, although it may depend upon some

1 specifics of the individual country's laws, I'm not aware
2 of any specifics that require that here, and you could
3 very well use and I very well could order you to use the
4 Federal Rules of Civil Procedure.

5 That said, if I learn that there are any
6 problems in terms of the scheduling of the timing and/or
7 the place of deposition, I could order the 30(b)(6) of
8 Calista's corporate representative and the 30(b)(6)
9 deposition of Tenza's representative to take place in the
10 District of Oregon in this courtroom while I preside.
11 Now, I'm not thinking I'm going to do that, unless there
12 are problems and someone wants me to do that.

13 Does anyone disagree that I have the legal
14 authority to do that? First, plaintiff, Calista.

15 MR. GURVITS: No, Your Honor. The only issue,
16 to the extent that there are other deponents that are not
17 the 30(b)(6) deponents, then we might have an issue.

18 THE COURT: I understand.

19 MR. GURVITS: If I may, Your Honor. I wanted to
20 remind the Court, we wanted to discuss this during the
21 telephone hearing last time, we are in the middle of a
22 large trial in Miami. Right after this, I am on the
23 red-eye back to Miami. I am here to appear in front of
24 you. We would simply not be able to prepare the discovery
25 before we are finished. That was the issue with

1 scheduling in November and December for the depo. That's
2 why we ended up doing it. But we did respond to the
3 interrogatories, as my brother pointed out. We are not
4 delaying; we are simply involved in another process right
5 now.

6 THE COURT: Calista filed with the Trademark
7 Trial and Appeals Board, April 10th, 2013, right?

8 MR. GURVITS: Correct.

9 THE COURT: Why didn't Calista take any
10 discovery between April 10th and now?

11 MR. GURVITS: Specifically because if -- we knew
12 if we lost the UDRP, we would have to file this lawsuit.
13 If we had to file this lawsuit, then there would be
14 possibly double work that we would have to do. It was
15 simply improper for me to be churning my client like that.
16 That's the only reason.

17 But with respect to my brother's allegations of
18 intentional delay, when we filed this lawsuit, we asked
19 them twice to accept service of process. They refused
20 twice. We ended up having to deal with -- looking for
21 motions for alternative service, and before that, to look
22 at the Hague Convention. We are not intentionally
23 delaying anything. Frankly, they want to do things on an
24 expedited basis, and when we reasonably say no, they
25 accuse us of intentional delay. They should move in the

1 ordinary course.

2 THE COURT: The ordinary course in the District
3 of Oregon is fairly rapidly.

4 All right. Does anyone have anything further to
5 say with respect to the pending motion to stay? First,
6 the movant, Calista?

7 MR. GURVITS: No, Your Honor.

8 THE COURT: The defendant, Tenza?

9 MR. TAUGER: Your Honor, if I may just address
10 the point that you made prior to asking your most recent
11 question, which is whether anyone would have any objection
12 to your exercising your discretion for the depositions to
13 take place here.

14 This was a fight that was brought to us by
15 Tenza. The only reason that we filed an answer and
16 counterclaim was because they had blocked transfer of the
17 infringing domains to us pursuant to the UDRP decision.

18 I cannot say it is easy or convenient for my
19 clients to come to the United States. Neither of them, to
20 my understanding, are citizens of the United States.
21 Neither of them reside here.

22 If I also may address one claim that was made by
23 my brother counsel here, and that is on our refusal to
24 accept service of process. We were advised on
25 June 26th at the TTAB discovery conference that they had

1 filed the suit. We were not served with it. We had never
2 seen it. In fact, we have never been served. In fact, I
3 think we got it by going on PACER and downloading it. At
4 that point I mentioned I was not authorized to accept
5 service of process, and that was true.

6 The implication that we are somehow expected to
7 do their litigation for them is truly troubling. We are
8 not obligated to accept service of process. They are the
9 ones who had submitted to the jurisdiction of the UDRP
10 panel, just by registering their domain names. ICANN
11 controls it and ICANN says where it is going to occur.

12 We filed an answer and, yes, we filed our
13 counterclaim because we think under Rule 19 we had to.
14 Otherwise, we would have to lose our claims. We filed the
15 answer, because we could not continue allowing them to
16 resist the UDRP order just by having gone through the
17 motions of filing the instant action. That's it.

18 Thank you, Your Honor.

19 THE COURT: Does anyone else wish to speak to
20 the pending motion? Seeing no hands and hearing no
21 voices, I am going to issue a written opinion and order.
22 I may get it out today. If not, you will get it tomorrow,
23 but I'm telling you now that I'm denying the motion to
24 stay.

25 Now, let's talk about discovery close and the

1 balance of what needs to be done in this case. It looks
2 to me and sounds to me as if everyone acts reasonably
3 diligently, we can get fact discovery closed by
4 January 31st.

5 Am I mis-hearing something? First, Calista.

6 MR. GURVITS: Again, Your Honor, we respectfully
7 request that we be allowed to have some time in
8 formulating our discovery requests, which we simply don't
9 have the bandwidth to do until our trial is over. Our
10 trial is over on December 20th. My entire legal team
11 right now is in Miami. We are buried in this litigation.

12 When we initially spoke to Tenza regarding a
13 calendar, close of discovery by April seemed to be an idea
14 that everybody was onboard with. So I would propose that
15 discovery be closed by April, which would give us the
16 opportunity to really sit down with our clients, or at
17 least over the phone, and think about the questions that
18 need to be asked and do a good job with it, serve it, give
19 them the opportunity to respond to it and not do it in a
20 rush.

21 THE COURT: That does sound like it takes too
22 long to me, especially since this lawsuit was filed in
23 June -- I think it was filed June 21st, 2013. I want to
24 see if we can get this resolved by a trial within 12
25 months from filing.

1 Let me ask Tenza, when do you propose then? I
2 assume, from what I heard before, that you could live with
3 January 31st. But in light of what Mr. Gurvits has said,
4 and I know counsel have been and want to be reasonably
5 cooperative with each other, what would you suggest for a
6 close of fact discovery?

7 MR. TAUGER: Your Honor, we would like discovery
8 to close as soon as possible. I understand Mr. Gurvits'
9 concern and his problem. I would say it is up to the
10 Court to determine how to accommodate that. We would like
11 to move along this litigation as quickly as we can.

12 THE COURT: Well, it seems to me that if you can
13 formulate your discovery requests in mid-December or
14 sometime in December, you are taking your chances that you
15 may not have much time to deal with discovery disputes.
16 But then again, all counsel here, including Mr. Tauger,
17 are getting a sense of how I am going to deal with
18 discovery disputes. So there might not very well be any
19 discovery disputes.

20 If you serve your discovery request
21 mid-December, you will get responses mid-January. You
22 take your depositions sometime in February. So fact
23 discovery is going to close on February 28th.

24 If fact discovery closes on February 28th, I
25 think it is reasonable to expect, if there is going to be

1 any dispositive motions -- you need to do some expert
2 discovery. Fair enough.

3 So what's your preference? Has each side talked
4 about it? There are two traditional ways of doing expert
5 discovery. One way would be for you each to do
6 simultaneous filings of your expert reports and then a
7 short while later simultaneous filings of any rebuttal
8 expert reports. We can either put expert depositions in
9 between those two periods, or after the rebuttal reports,
10 or we can do it purely sequential.

11 Let me share with you before I get your
12 response, since we have really an atypical situation --
13 normally I would expect a plaintiff to file a report first
14 in a sequential mode. But here, we really have
15 infringement claims that are in large part driving a
16 number of the issues that have to be resolved. It strikes
17 me, rather than going sequential, the right to do is have
18 a deadline for the simultaneous filing of expert reports
19 followed by a short period for expert depositions of each
20 side -- either that or then followed by rebuttal expert
21 reports or the depositions take place after rebuttal
22 reports. That may be best in these circumstances.

23 Yes.

24 MS. NEWMAN: Your Honor, Devon Newman. If I
25 might suggest that each party file simultaneously on the

1 burden of proof for which they have.

2 THE COURT: Right. That's what I'm thinking.

3 What I'm thinking about out loud, and I will be
4 glad to take comments from anyone, whether we should hold
5 off expert depositions until after any pending rebuttal
6 reports so that the depositions can focus, not only on the
7 original comments, but also on rebuttal comments. I think
8 that makes sense.

9 MR. GURVITS: That would be my inclination,
10 Your Honor, so we can have the benefit of seeing both
11 documents before.

12 MR. TAUGER: Not to be contrary, Your Honor.
13 The issues in this case, I think, are relatively clearly
14 defined. So to this extent counsel is correct that to a
15 great degree it is going to turn whether or not our mark
16 is generic. Of course, we contend it is not. I don't
17 know that this is an issue where, for example, in a
18 products liability context you would want to have analysis
19 of the suspect of the accused product or something like
20 that. I think this is something that we can each do
21 independently.

22 Clearly, they are going to produce experts who
23 are going to say: Oh, yes, it is generic and it is
24 descriptive, and clearly we are going to produce experts
25 that say the contrary. I don't know that having rebuttals

1 are going to be necessary before we can proceed. I would
2 suggest, again, I would like to move forward as quickly as
3 we can.

4 THE COURT: Certainly, no one has to file a
5 rebuttal report if they don't want to.

6 I'm even rethinking now what I said in response
7 to Ms. Newman. I'm not sure it should be just simply
8 focused on the parties' issues where they have the burden
9 of proof. I mean, it is pretty clear what each side needs
10 to contend and respond to here.

11 Let me put the following schedule out to you all
12 and see what you all have to say about it. I think that
13 the fact discovery closes on February 28th, 2014. Within
14 two weeks both sides should submit their opening expert
15 reports. That would be on March 14th.

16 Each side submits their opening expert reports.
17 Two weeks thereafter, March 28th, each side submits their
18 rebuttal reports expressing what they agree or disagree
19 with the other side. Then I will give you each two weeks
20 to take depositions of each other's experts. So expert
21 depositions need to be completed by April 18th. Then two
22 weeks after that, if anyone wants to file any dispositive
23 motions, motions for summary judgment or partial summary
24 judgment, that would be two weeks thereafter, or May 2nd.

25 Does anyone think that schedule is either too

1 slow or too fast?

2 MR. GURVITS: I think it is a bit fast,
3 Your Honor.

4 MR. PLOEN: Your Honor, this is Attorney Ploen.
5 I think in particular the proposed deadlines for
6 dispositive motion seems awfully hard on the heels of the
7 expert work.

8 MR. GURVITS: To add to that, Your Honor,
9 experts are not parties, and they are not -- we don't
10 control them as much as we control ourselves. It is
11 difficult to be able, without knowing their own schedule,
12 to pin them down to this kind of a schedule.

13 THE COURT: We have about six months before we
14 need them. So you can contract with them in enough time
15 to see if they can work within your schedule.

16 Mr. Tauger.

17 MR. TAUGER: Your Honor, the only concern I have
18 with there being essentially two weeks between the expert
19 depositions and the dispositive motion cut-off is that we
20 have to get transcripts. That can take a little time to
21 prepare. I don't want it to be very much more extended.
22 I think it would be reasonable to have a couple more
23 weeks.

24 THE COURT: Mr. Ploen and Mr. Gurvits, what were
25 you thinking of in terms of the time to conclude expert

1 depositions and when you want to file dispositive motions.

2 MR. GURVITS: Instead of the two-week schedule
3 Your Honor gave us, a month. So in other words --

4 THE COURT: You didn't really answer my
5 question. Just generally, do you think three weeks or 30
6 days after depositions to file?

7 MR. GURVITS: 30 days, please.

8 THE COURT: 30 days. Mr. Tauger, that sounds
9 pretty much what you were asking for as well.

10 MR. TAUGER: That's correct, Your Honor. Either
11 5-16 or 5-18.

12 THE COURT: I did hear about Mr. Gurvits wanting
13 four weeks between these periods versus two. What's your
14 view on that?

15 MR. TAUGER: I believe the schedule Your Honor
16 has set is absolutely appropriate. Again, we do not want
17 to delay this any further. There is a de facto
18 preliminary injunction against us. We are incurring
19 irreparable harm. We want to move.

20 THE COURT: I will give Mr. Gurvits what he was
21 asking for with respect to the 30 days. So 30 days after
22 April 18th will put us at dispositive motions being due
23 May 19th.

24 Now, in this court we have -- frankly, under the
25 federal rules, three weeks after dispositive motions are

1 due responses are due. So three weeks after May 19th is
2 June 9th. A reply is due two weeks thereafter, June 23rd.
3 Would I be guessing correctly if I said both sides would
4 prefer an oral argument?

5 MR. TAUGER: Yes, Your Honor.

6 MR. GURVITS: Yes, Your Honor.

7 THE COURT: I want at least two weeks to prepare
8 for oral argument.

9 MR. GURVITS: I would be happy to agree to a
10 month, Your Honor.

11 THE COURT: Probably July 4th weekend is a mess.
12 That's a pain.

13 Can you do oral argument on Friday, July 11th?

14 MR. TAUGER: That works for us, Your Honor.

15 MR. GURVITS: Yes.

16 THE COURT: Since you are traveling out of town,
17 I am reasonably open that day right now. Would you prefer
18 argument in the morning or in the afternoon? What's
19 easier for your travel?

20 MR. GURVITS: Either way is fine, because I'd
21 come in the night before. It is a three-hour difference
22 for me. For you, it might be an afternoon.

23 MR. TAUGER: For me, it will be morning. I did
24 come in this morning, and it was actually quite a
25 challenge. I got up at 4:00 a.m. to make it. I would

1 stay overnight.

2 THE COURT: What would you all prefer? If you
3 both agree whether you want a 9:30 oral argument or a 1:30
4 oral argument, if you can both agree.

5 MR. GURVITS: Let's do 1:30 to make sure we have
6 some time in the morning to prepare.

7 MR. TAUGER: I was going to suggest 9:30 because
8 I would want to catch a flight back that day.

9 THE COURT: Would you rather have it 10:30 or
10 11:00?

11 MR. GURVITS: Sure. Eleven o'clock would be
12 great, Your Honor.

13 THE COURT: Oral argument on summary judgment on
14 Friday, July 11th, at 11:00 a.m. By the way, with this
15 schedule, do not expect that if anyone moves to extend the
16 briefing schedule, even if it is unopposed, do not expect
17 it to be granted, because I'm giving myself a relatively
18 tight time here. Now, that said, if someone asks for a
19 one-day extension, that's fine.

20 By the way, let me tell you too, I have decided
21 I was too loose previously allowing in cases motions to
22 exceed page limits. It is not necessary. You can all
23 live within your page limits. Frankly, it has not
24 improved the quality of briefing, when I get a 50-page
25 brief, that should have been done in 35. Don't plan on

1 asking for extension of page limits.

2 I don't think I should schedule anything further
3 past July 11th, but I will tell you this, at the oral
4 argument I might be prepared to rule from the bench. I
5 might not. So please bring your trial calendars to the
6 oral argument on July 11th just in case. It is my plan
7 and expectation to be fully prepared. So we will see
8 where we go on that.

9 By the way, I assume this is to a jury, correct?

10 MR. GURVITS: Correct.

11 THE COURT: Assuming that everything goes
12 forward to the jury, do you have a sense of how many trial
13 days you might all need?

14 MR. TAUGER: I would really have to think about
15 this a little bit.

16 THE COURT: That's fine. Will you all make sure
17 you've thought about it. You can answer that question
18 come July 11th.

19 All right. The one date that I haven't
20 scheduled is the date to file an ADR, or alternative
21 dispute resolution report. Let me ask you for your
22 suggestions of when it should be. Frankly, in a case like
23 this with sophisticated lawyers on both sides, you don't
24 need me to put in an ADR deadline for the most part.

25 Here is my experience of why an ADR deadline is

1 not a bad idea: Some lawyers -- and I think they are
2 wrong -- but some lawyers think it is a sign of weakness
3 to discuss settlement, to be the first one to broach the
4 possibility of settlement with the other side. I
5 practiced 30 years before taking the bench two and a half
6 years ago. I think that's wrong. Some lawyers feel that
7 way.

8 One benefit of an ADR deadline, which has to be
9 filed jointly, it forces the parties to talk settlement
10 and not to simply let that opportunity slip by because
11 neither side wanted to be the first to raise it. So I
12 think it is not a bad idea.

13 Now, whether or not you have that discussion and
14 you file your ADR report at about the time that fact
15 discovery closes and before everybody puts in the effort
16 and expense of dealing with expert discovery -- that's one
17 possibility -- and that's not a bad idea. In some cases,
18 however, you are better off doing it after the expert
19 depositions have taken place so each side knows where each
20 other is, but before everyone puts the time and money into
21 briefing summary judgment.

22 So if you both agree, I will give you both what
23 you want. Would you rather have the ADR report due
24 sometime in early March, after fact discovery closes but
25 before you have really put a lot of time and money into

1 experts? Or would you rather have it due, say, sometime
2 late April or early May before you put the time and money
3 into dispositive motions? What do you all think makes the
4 most sense?

5 MR. TAUGER: With the understanding that this is
6 not a display of weakness of any kind, I like the earlier
7 date. I think it helps narrow issues.

8 THE COURT: Calista's counsel?

9 MR. GURVITS: No objection to that.

10 THE COURT: So let me schedule ADR reports due
11 March 7th, a week before your expert reports are due but a
12 week after your fact discovery is closed. You don't need
13 to wait until March 7th to broach the topic about what do
14 you want to do about ADR. As the case progresses, if you
15 want to do private mediation or do it the old-fashioned
16 way, lawyers to lawyers, or there are other possibilities.

17 It probably would not be particularly convenient
18 for you, but I'll give you the offer anyway. We have an
19 outstanding staff mediator in this district. She is a
20 former Oregon Supreme Court justice. Her name is
21 Sue Leeson, and she is an outstanding mediator. She has
22 got superb mediation skills, and she's very, very smart on
23 the law. She is a former state Supreme Court justice, and
24 she is free of charge. Her mediation book books up fairly
25 early. So if you want her, probably the best time to

1 contact her and reach out is January or so, probably not
2 much later, or you are not going to get her by the March
3 time frame. If you want to go that route, just send an
4 e-mail or call my courtroom deputy, Mary Austad, and we
5 will enter an order simply referring the case to the staff
6 mediator.

7 That will not stop any our deadlines, but it
8 will at least get you on her dance card, if you will, and
9 you will have that going. Otherwise, you can get your own
10 private mediator, or you can do it without a mediator and
11 talk amongst yourselves.

12 My style is not to twist anyone's arms to
13 settle. I think that most cases should settle, because it
14 is less expensive and more certain an outcome than not
15 settling. That said, some cases don't settle, and that's
16 totally fine with me.

17 We were just counting it up this year, 2013. I
18 tried nine trials. One was a bench trial; eight were jury
19 trials. Of those eight jury trials, three were criminal;
20 five were civil trials. We don't mind trying cases here.
21 Frankly, I think when the parties can't resolve it
22 themselves, it is not a bad way to resolve a dispute. So
23 we are willing to try it. I'm not going to twist anyone's
24 arms to settle it, but nor am I going to let this case
25 drag on forever.

1 And I am totally serious about discovery
2 disputes. If you have a discovery dispute that you can't
3 work among yourselves, obviously we insist that you have a
4 good-faith, meaningful conference with each other where
5 you talk it through. But if you can't resolve it, send an
6 e-mail or phone call to my courtroom deputy, Mary Austad.
7 Tell her you have a discovery dispute. I will make the
8 time to get on the phone and work my way through it.

9 I will give you have a general sense as to how I
10 approach discovery disputes. Some discovery disputes
11 really have tough legal questions that are associated with
12 them, whether they be privilege issues or other types of
13 legal questions, that's fine. The Court has to decide,
14 and that's what we're here for.

15 Other types of discovery disputes seem to me to
16 be one side being more unreasonable with the other than
17 the other side is being. My general approach on that is
18 not to split the difference, but to simply agree with
19 whichever side is being more reasonable. That said, I
20 know I have given an over-generalization. If that gives
21 you insight how I approach discovery disputes, it is not a
22 bad idea in front of me to treat it like a baseball
23 arbitration: The one that's most reasonable will probably
24 get what he or she wants.

25 We will get our opinion and order, if not today,

1 then tomorrow.

2 But as long as you are all here and/or on the
3 phone, is there anything else that I can do to assist you
4 all in this lawsuit while we're all here together right
5 now? I will start with counsel for the plaintiff.

6 MR. GURVITS: No, Your Honor.

7 THE COURT: Defendant?

8 MR. TAUGER: Nothing further, Your Honor.

9 THE COURT: Anything from anyone on the phone?

10 MR. PLOEN: No, Your Honor.

11 THE COURT: All right. Safe travels. Thank
12 you. Very good.

13 MS. VRADENBURGH: Thank you, Your Honor.

14 (Court adjourned.)
15
16
17
18
19
20
21
22
23
24
25

--oOo--

I certify, by signing below, that the foregoing is a correct transcript of the record of proceedings in the above-entitled cause. A transcript without an original signature, conformed signature or digitally signed signature is not certified.

/s/ Dennis W. Apodaca
DENNIS W. APODACA, RDR, RMR, FCRR, CRR
Official Court Reporter

December 4, 2013
DATE